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Uzbekistan, Republic of

Oilseeds and Products

Oilseeds and Products Annual

2009

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Report Highlights:
Because of anticipated shortages of irrigation water, the preliminary forecast of Uzbekistan's MY 2009/10 oilseed production is 2.08 million tons, nearly all of whicih is cottonseed. Despite government encouragement, planting of canola and sunflower is limited. Although domestic supplies are limited and demand for protein meal is growing, no significant oilseed or oil meal imports have taken place in several years. Total vegetable oil imports, mostly sunflower oil, are forecast to increase to 70,000 tons in MY 2009/10.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
Ankara [TU1]
[UZ]

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Executive Summary

Cottonseed is the major oilseed produced and utilized in Uzbekistan. The Government of Uzbekistan (GOU) encourages cotton production for the export market. Despite its importance, efforts to increase cottonseed production have not been very successful in the past. Environmental issues along with Uzbekistan's desire to diversify to other crops have limited its expansion. MY2009/10 cotton sowing has already started in some southern regions. Reportedly very low level of precipitations in winter might lead again to water shortage problems throughout Uzbekistan during vegetation period. Last year taking into account mainly water shortage problems the government adopted a decree according to which the sown area and target for seed cotton production for MY2009/10 were decreased to 1.315 million hectares and 3.4 MMT respectively. Because of expected shortages in irrigation water, Post's preliminarily forecast of MY2009/10 oilseeds production has been lowered to 2.08 MMT. Over the past several years, there were no considerable oilseed imports, thus sharply decreasing the amount of raw material available for the domestic solvent extraction industry.

MY2009/10 total oil meal production is forecast at 740,000 MT. For the past five years, however, there were no significant soybean imports in the country, thus failing to cover the growing demand from the poultry sector. Sharply rising international prices along with a prohibitive import regime still discourage commercial imports of soybeans.

MY2009/10 vegetable oil imports are forecast to increase to 70,000 MT. Although official trade statistics are not available, sources indicate most imported oil is refined and in consumer-ready packaging. The leading suppliers of vegetable oil remain Russia and the Ukraine. Sunflower oil remains by far the most popular imported oil. Some olive oil is available in some big supermarkets.

OILSEEDS

Production

Uzbekistan is a major cotton producer and the world's third largest cotton exporter. Cotton is the dominant oilseed. The preliminarily forecast of MY 2009/10 total oilseed production is 2.08 MMT. The official state production target for seed cotton in MY2009/10 has been decreased to 3.4 MMT, 200,000 MT less than in previous years. Independent analysts indicate that this year again it will be extremely difficult to reach this new target because of considerable irrigation water shortages.

The Uzbek government provides subsidized fertilizers and seed as well as nearly free irrigation to support cotton producers. In return, the government maintains state orders controlling 50 percent of the cotton crop; in reality, however, it still procures virtually the entire crop. At the same time, the state procurement price remains well below world price levels. To compensate for the decline in cotton production, the government encouraged production of sunflowers and soybeans. However, so far sunflowers have been grown on a very limited scale. For 2009, after adoption of the decree decreasing cotton planted area, GOU decided to allocate freed land area for sunflower and canola growing. Reportedly in MY2009/10 total plant area dedicated to sunflower will equal to 22,000 ha and the sunflower production is forecast at 33,000 tons. MY2009/10 canola planted area and production are forecast at 28,000 ha and 28,000 tons accordingly.

Table 1: Total Oilseeds, Production, Supply and Demand

Republic of Uzbekistan Total Oilseeds (1000 HA)(RATIO)(1000 MT)										
	2007 Revised			2008 Estimate			2009 Forecast			UOM
	USDA Official	Post Estimat	Post Estima New	USDA Official	Post Estima	Post Estimat New	USDA Offici	Post Estim	Post Estim New	
Market Year Begin	08/2007			08/2008			08/2009			MM/YYYY
Area Planted	1470	1450	1450	1420	1420	1420	0	0	1365	(1000 HA)
Area Harvested	1450	1450	1450	1420	1420	1420	0	0	1365	(1000 HA)
Seed to Lint Ratio	0	0	0	0	0	0	0	0	0	(RATIO)
Beginning Stocks	125	125	125	130	130	130	0	0	186	(1000 MT)
Production	2400	2400	2400	2430	2430	2180	0	0	2080	(1000 MT)
MY Imports	0	0	0	0	0	6	0	0	10	(1000 MT)
MY Import from US	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Import from EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	2525	2525	2525	2560	2560	2316	0	0	2276	(1000 MT)
MY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Crush	1930	1930	1930	1900	1900	1730	0	0	1700	(1000 MT)
Food Use Dom Con	0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Wast Dm Con	465	465	465	450	450	400	0	0	400	(1000 MT)
Total Dom. Cons	2395	2395	2395	2350	2350	2130	0	0	2100	(1000 MT)
Ending Stocks	130	130	130	210	210	186	0	0	176	(1000 MT)
Total Distribution	2525	2525	2525	2560	2560	2316	0	0	2276	(1000 MT)
CY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)

Consumption

Uzbekistan's actual crushing capacity is well below the 3.5 MMT reported during Soviet times. Due to the lack of spare parts and inadequate maintenance, processing capacity has declined to about 2.4 MMT. Experts estimate the industry currently operates at less than 50 percent capacity due to the lack of oilseeds available for crushing.

Uzbekistan's crushing industry's activities are monitored by the Joint-Stock Association "Oil Crushing and Food Industry" which consist of the former state crushing, extraction and refining facilities. There are 20 big crushing plants throughout the country, and within the past four years half of them were privatized. Foreign investments have increased although slowly and most plants are now in the form of joint ventures and joint-stock companies.

Table 2: Cottonseed Production, Supply and Demand

Republic of Uzbekistan Oilseed, Cottonseed (1000 HA)(RATIO)(1000 MT)										
	2007 Revised			2008 Estimate			2009 Forecast			UOM
	USDA Offici	Post Estimat	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estima	Post Estimat New	
Market Yr Begin	08/2007			08/2008			08/2009			MM/YYYY
Area Planted	1430	1430	1430	1420	1420	1420	0	0	1315	(1000 HA)
Area Harvested	1450	1430	1430	1420	1390	1390	0	0	1315	(1000 HA)
Seed Lint Ratio	0	0	0	0	0	0	0	0	0	(RATIO)
Begin Stocks	125	125	125	130	130	130	0	0	180	(1000 MT)
Production	2400	2400	2400	2430	2430	2180	0	0	2020	(1000 MT)
MY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp from US	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp from EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	2525	2525	2525	2560	2560	2310	0	0	2200	(1000 MT)
MY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Crush	1930	1930	1930	1900	1900	1730	0	0	1650	(1000 MT)
Food Use Dom. Consumption	0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom Consumpt	465	465	465	450	450	400	0	0	370	(1000 MT)
Total Dom Cons.	2395	2395	2395	2350	2350	2130	0	0	2020	(1000 MT)
Ending Stocks	130	130	130	210	210	180	0	0	180	(1000 MT)
Tot Distribution	2525	2525	2525	2560	2560	2310	0	0	2200	(1000 MT)
CY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Imp U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)

Although officially the state order for cotton was decreased to 50 percent in recent years, in reality there is little alternative for farmers but to sell to state-controlled gins, which in turn transfer the cottonseed to crushing plants. Processed products, particularly cottonseed meal, are of poor quality and the industry badly needs capital to upgrade its equipment.

Currently there is very little investment in the crushing industry, mainly only a few joint-ventures bottling cottonseed and imported sunflower oil.

Trade

Uzbekistan does not import or export any cottonseed. In the past Uzbekistan used to import U.S. soybeans both commercially, using USDA's credit guarantee program, and under USDA's food assistance initiatives. The last shipment of U.S. soybeans into Uzbekistan was in FY

2004, when it received 10,000 tons of soybeans under a Food for Progress agreement. The demand for soybeans is still considerable but the high VAT on all imports along with transportation costs to a doubly landlocked country remain major impediments to the trade. In 2008 reportedly two private companies imported about 6,000 tons of soybeans in total from Russia. MY2009/10 total oilseeds imports are forecast at 10,000 tons.

Given the decline in cotton production, Uzbekistan's annual oilseed import requirement is estimated at more than 250,000 MT. Imported oilseeds have always been important source in Uzbekistan's underutilized crushing industry as well as saving foreign exchange by capturing the added value of oil and meal processing. Uzbekistan's import demand could increase significantly if the industry was modernized and the government was to enact policies to encourage expansion of livestock, dairy and poultry production. Although many poultry farms have been privatized, the lack of quality feed and the absence of substantial foreign investments, without which the industry is hardly able to survive, remain the main problems.

Table 3: Total Oil meals Production, Supply and Demand

Republic of Uzbekistan Total Oil Meals (1000 MT)(PERCENT)										
	2007 Revised			2008 Estimate			2009 Forecast			UOM
	USDA Official	Post Estimate	Post Estima New	USDA Official	Post Estima	Post Estima New	USDA Official	Post Estimat	Post Estima New	
Market Yr Begin	08/2007			08/2008			08/2009			MM/YYYY
Crush	1930	1930	1930	1900	1900	1730	0	0	1650	(1000 MT)
Extr. Rate 999.999	0.4507	0.45077	0.4507	0.4684	0.4684	0.4508	0	0	0.4484	PERCENT)
Beginning Stocks	0	0	0	0	0	0	0	0	0	(1000 MT)
Production	870	870	870	890	890	780	0	0	740	(1000 MT)
MY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. fm U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	870	870	870	890	890	780	0	0	740	(1000 MT)
MY Exports	0	25	25	30	30	35	0	0	30	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Indst Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Use Dm Con	0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Wst Dom Con	870	845	845	860	860	745	0	0	710	(1000 MT)
Total Dom. Cons.	870	845	845	860	860	745	0	0	710	(1000 MT)
Ending Stocks	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Distribution	870	870	870	890	890	780	0	0	740	(1000 MT)
CY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
SME	704.96	684.703	684.70	696.85	696.85	603.67	0	0	575.31	(1000 MT)

OIL MEAL

Production

Uzbek crushing plants are old and designed to crush cottonseed. The Soviets built most of the plants in the 1930's. The plants crush cottonseed eight months out of the year. There has been some movement in privatizing refineries - some operations are 75 percent privately owned and 25 percent government owned.

Preliminarily MY2009/10 total oil meal production is forecast at 740,000 MT which is much lower than in the last marketing year. However, final meal production will depend on seed cotton production.

Consumption

Most cottonseed meal is fed to dairy animals, although some is being used for layer production. The current demand for protein meal, and especially soybean meal, has increased dramatically due to an increase in demand from both the poultry industry, and to a lesser extent the dairy and fish industries. The quality of soybean meal produced in past years was variable, and the quality of compound feed was poor. Consequently, the need to provide a regular supply of high-quality protein feed is one of the critical issues still facing the agricultural sector. For the past several years the American Soybean Association (ASA) has been assisting the local oilseed industry by providing technical assistance aimed at improving the crushing technology and quality of soybean meal produced out of imported soybeans and used for feed. But as mentioned earlier, in the past years there were practically no imports of soybeans and the crushing industry is mainly dependent on locally produced cottonseed.

Cottonseed meal, cakes and hulls are supplied by extraction companies to other state agencies, mainly to Uzkhleboprodukt, which combines by-products from flour milling with cottonseed meal, cakes and hulls to produce a compound feed for cattle.

The main feed component in poultry production, when soybean meal is not available, is compound feed composed of wheat and corn with 7-8 percent mixture of cottonseed meal. Sometimes they also use local sunflower seed meal mixture of up to 5 percent in this compound feed. The total demand for soybeans is reportedly about 300,000 tons annually. Most sunflower seed meal or de-hulled sunflowerseeds are imported from Kazakhstan or Russia.

Trade

Uzbekistan imports small volumes of protein meal, in particular sunflower seed meal. At the same time, Uzbekistan exports small quantities of cottonseed meal, mainly to Russia, the Baltics and Kazakhstan. Also, the cottonseed meal is heavily used mainly for cattle feed, and very small volumes in poultry feed.

Stocks

No information is available on stocks.

Table 4: Cottonseed meal, Production, Supply and Demand.

Republic of Uzbekistan Meal, Cottonseed (1000 MT)(PERCENT)										
	2007 Revised			2008 Estimate			2009 Forecast			UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Yr Begin	08/2007			08/2008			08/2009			MM/YYYY
Crush	1930	1930	1930	1900	1900	1730	0	0	1650	(1000 MT)
Ext Rate 999.9999	0.450	0.450	0.4507	0.468	0.468	0.4508	0	0	0.448	(PERCENT
Beginning Stocks	0	0	0	0	0	0	0	0	0	(1000 MT)
Production	870	870	870	890	890	780	0	0	740	(1000 MT)
MY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imports fm U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imports fm EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	870	870	870	890	890	780	0	0	740	(1000 MT)
MY Exports	0	25	25	30	30	35	0	0	40	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Indus Dom Consum	0	0	0	0	0	0	0	0	0	(1000 MT)
Food Use Dom Cons	0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Wast Dom Con	870	845	845	860	860	745	0	0	700	(1000 MT)
Total Dom. Consump	870	845	845	860	860	745	0	0	700	(1000 MT)
Ending Stocks	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Distribution	870	870	870	890	890	780	0	0	740	(1000 MT)
CY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
SME	704.96	684.7	684.70	696.8	696.8	603.67	0	0	567.21	(1000 MT)

OILS

Production

Cottonseed oil remains the main vegetable oil produced in Uzbekistan. In the past, soybean oil was produced mainly from imported soybeans and blended with cottonseed oil (cottonseed oil – 70 percent, soybean oil – 30 percent). Total MY 2009/10 oil production is forecast at about 230,000 MT.

In the 1990's total capacity for vegetable oil production equaled about 450,000 tons annually. However, since the beginning of the decline in cotton production, total oil production capacity decreased sharply. Except for nine crushing plants, which have been

privatized, most extractors and refiners operate under the joint-stock association “Oil Crushing and Food Industry”. Only a few extractors and refiners use fairly modern imported equipment while the majority still uses outdated Soviet equipment. The quality of locally produced oil, especially cottonseed oil, remains poor due to the lack of maintenance as well as good management. Most plants reportedly use benzene, rather than hexane in their extraction process. The majority pre-press and then use solvents to extract the oil. Most plants do not have deodorization equipment. For plants without deodorization capability, only the oil obtained from crushing can be used for human consumption. The government is trying to modernize the industry by attracting foreign investments as a conduit for new management methods and technologies.

Consumption

Cottonseed oil is a staple of the Uzbek diet. Per capita oil consumption is estimated at about 15 kilograms per year. Until recently, cottonseed oil was the preferred oil for most Uzbek consumers. However, over the last 15 years, imported sunflower seed oil has also become popular both because good quality cottonseed oil is not always available in food shops and also because most consumers prefer sunflower seed oil because of its better flavor. Due to recent world price increase for some major commodities including vegetable oil, local prices for imported vegetable oil also have increased. Currently, Cotton seed oil retails for about Soums 2500 per liter and imported sunflower oil sells for Soums 2900 ($2.00) per liter.

Trade

Uzbekistan relies on imports for about 35-40 percent of its vegetable oil requirements. Sources expect import demand and expenditures to continue to increase unless the government moves to modernize the industry and encourage planting of alternative oilseed crops. MY 2009/10 oil imports are forecast at 70,000 MT. Although official trade statistics are not available, sources indicate most of the oil is imported refined and in consumer-ready packaging. The leading suppliers of vegetable oil remain Russia and the Ukraine. Sunflower oil remains by far the most popular imported oil although some olive oil is available in the big retail stores.

Uzbekistan used to export about 20,000-25,000 MT of un-deodorized cottonseed oil annually mainly to the neighboring CIS countries. But, since 2007 Uzbekistan banned exportation of cotton seed oil in order to cover solely domestic demand.

Table 5: Total Oils Production, Supply and Demand

Republic of Uzbekistan Total Oils (1000 MT)(PERCENT)										
	2007 Revised			2008 Estimate			2009 Forecast			UOM
	USDA Offici	Post Estima	Post Estim New	USDA Offici	Post Estima	Post Estimat New	USDA Offici	Post Estim	Post Estim New	
Market Year Begin	08/2007			08/2008			08/2009			MM/YYYY
Crush	1930	1930	1930	1900	1900	1730	0	0	1650	(1000 MT)
Extr Rate 999.999	0.130	0.1300	0.130	0.135	0.1368	0.13005	0	0	0.1393	(PERCENT
Beginning Stocks	0	0	0	0	0	0	0	0	0	(1000 MT)
Production	251	251	251	258	260	225	0	0	230	(1000 MT)
MY Imports	55	55	55	55	60	65	0	0	70	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	306	306	306	313	320	290	0	0	300	(1000 MT)
MY Exports	20	20	20	0	0	0	0	0	0	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Indust.Dom Cons	28	28	28	28	25	28	0	0	30	(1000 MT)
Food Use Dom.Co	258	258	258	285	295	262	0	0	270	(1000 MT)
Total Dom. Cons.	286	286	286	313	320	290	0	0	300	(1000 MT)
Ending Stocks	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Distribution	306	306	306	313	320	290	0	0	300	(1000 MT)
CY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Exports	20	20	20	0	0	0	0	0	0	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)

Table 6: Cottonseed Oil Production, Supply and Demand

Republic of Uzbekistan Oil, Cottonseed (1000 MT)(PERCENT)										
	2007 Revised			2008 Estimate			2009 Forecast			UOM
	USDA Officia	Post Estim	Post Estim New	USDA Officia	Post Estim	Post Estim New	USDA Officia	Post Estim	Post Estim New	
Market Year Begin	08/2007			08/2008			08/2009			MM/YYYY
Crush	1930	1930	1930	1900	1900	1730	0	0	1650	(1000 MT)
Extr Rate 999.999	0.130	0.130	0.130	0.135	0.136	0.130	0	0	0.130	(PERCENT
Beginning Stocks	0	0	0	0	0	0	0	0	0	(1000 MT)
Production	251	251	251	258	260	225	0	0	215	(1000 MT)
MY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	251	251	251	258	260	225	0	0	215	(1000 MT)
MY Exports	20	20	20	0	0	0	0	0	0	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Indus Dom. Cons.	28	28	28	30	30	30	0	0	30	(1000 MT)
Food Use Dom Con	203	203	203	228	230	195	0	0	185	(1000 MT)
Feed Was Dom Con	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Dom. Cons.	231	231	231	258	260	225	0	0	215	(1000 MT)
Ending Stocks	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Distribution	251	251	251	258	260	225	0	0	215	(1000 MT)
CY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Exports	28	28	28	0	0	0	0	0	0	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)